

Message Text

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SUBJ: PROPOSED ILLINOIS STATE IOGA TRADE MISSION

REF : A. STATE 14735

B. BELGRADE A-20

1. SUMMARY: TRADE MISSION FEATURING CONSTRUCTION EQUIPMENT AND BUILDING SUPPLIES WOULD BE SUITABLE EVENT FOR YUGOSLAVIA PROVIDED REPEAT PROVIDED THEME NARROWED TO SOME TYPES OF HEAVY MINING AND EARTH-MOVING MACHINERY AND EQUIPMENT IDENTIFIED IN PRODUCT PRIORITY LISTING FOR FY 1977 (REF B). WE HESITATE TO RECOMMEND EARLY OR RANDOM PROMOTION OF OTHER TYPES EQUIPMENT AND BUILDING SUPPLIES UNTIL CONTRUCTION SECTOR PICKS UP AND UNLESS MARKET RESEARCH PERFORMED. SUGGESTED TIMING OF MISSION WOULD NOT FIT WELL INTO EMBASSY'S HEAVY PROMOTIONAL SCHEDULE. END SUMMARY.

2. FY 77 PRIORITY LISTING PREDICTS MAJOR U.S. SALES OPPORTUNITIES WILL RESULT FROM YUGOSLAV STRIP COAL MINING PROJECTS AND EXPLOITATION NON-FERROUS METALS, PARTICULARLY ALUMINUM, COPPER, LEAD AND ZINC, ANY EARLY TRADE MISSION SHOULD CONCENTRATE ON MARKET ALREADY IDENTIFIED FOR FOLLOWING HEAVY DUTY LARGE PRODUCTS: ROTARY EXCAVATORS, BUCKET-WHEEL EXCAVATORS, CONVEYORS, EXCAVATOR DRAGLINES, BULLDOZERS, LOADERS, TRENCH-DIGGERS, DRY DREDGES, DUMPERS, GRADERS, CRUSHERS, SCRAPERS, AND HIGH CAPACITY TRUCKS. DEMAND ALSO PRESENT FOR LARGE

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IMPORTED CRANES BUT TWO OR THREE LOCAL ENTERPRISES

QUESTION WHETHER U.S. COMPETITIVE WITH GERMAN PRODUCTS.

3. WE ALSO FORESEE SALES OF HEAVY U.S. EQUIPMENT TO CONSTRUCTION SECTOR, BUT PROMOTION NOW WOULD APPEAR PREMATURE. HOUSING INDUSTRY NOT EXPECTED TO RECOVER FROM CURRENT SLUMP UNTIL LATE THIS YEAR OR FIRST PART OF 76 AND ROAD CONSTRUCTION PROCEEDING ALL TOO SLOWLY DUE TO ABSENCE OF CLEAR DIRECTION AND INADEQUATE FUNDING.

4. MARKET MAY EMERGE FOR OTHER TYPES EQUIPMENT AND SOME CATEGORIES BUILDING SUPPLIES ON LONG COMMERCE TARGET INDUSTRY LIST. YUGOSLAVS AT 1974 ZAGREB FALL FAIR WHERE VERY FAVORABLE IMPRESSED BY USIA EXHIBIT ON TECHNOLOGY OF AMERICAN HOME. INQUIRIES BY COMMERCIAL ENTERPRISES HOWEVER, FREQUENTLY CENTERED ON PRODUCTS WHICH COULD BE PRODUCED IN YUGOSLAVIA (CONCEIVABLY UNDER U.S. LICENSE) RATHER THAN IMPORTED. GENERAL PUBLIC ON THE OTHER HAND, APPEARED MOST INTRIGUED WITH U.S. TECHNOLOGY AND PRODUCTS THAT ARE YEARS AWAY FROM YUGOSLAV MARKET.

5. VISITING U.S. SUPPLIERS OF BUILDING MATERIALS HAVE INFORMED EMBASSY THAT THEY HAVE FOUND POLITE INTEREST IN THEIR PRODUCTS BUT FEW SALES. AT PRESENT YUGOSLAVIA PRODUCES ROUGHLY 80 PERCENT OF ITS REQUIREMENTS FOR BUILDING SUPPLIES. THE BALANCE, PRINCIPALLY FOR LUXURY HOTEL CONSTRUCTION, IS MOSTLY IMPORTED FROM ITALY.

6. WE THUS WOULD HESITATE TO RECOMMEND EARLY OR RANDOM PROMOTION OF SUCH PRODUCTS NOT ONLY UNTIL HOUSING INDUSTRY PERKS UP, BUT UNTIL MARKET RESEARCH IS PERFORMED TO IDENTIFY WHICH EXPORTABLE U.S. PRODUCTS MIGHT BE SUITABLE AND COMPETITIVE IN YUGOSLAV MARKET. COMMERCE MAY WISH TO CONTRACT RESEARCH IN YUGOSLAVIA AS PART OF GLOBAL MARKETING PROGRAM.

7. TIMING OF PROPOSED MISSION IN SECOND HALF MAY WOULD NOT BE IDEAL. EMBASSY AND AMCONSUL ZAGREB WILL BE ENGAGED IN MAJOR LOCALLY MOUNTED EXHIBIT AND PREPARATIONS FOR TECHNICAL SALES SEMINAR SCHEDULED MAY 26-30.
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JOINT MEETING IN DUBROVNIK OF YUGOSLAV-U.S. ECONOMIC COUNCILS WILL ALSO OCCUPY SOME OF OUR ATTENTION. IN ADDITION WE MUST MAINTAIN MAJOR PROJECT REPORTING EFFORT WHOSE EMPHASIS ON MINING PROJECTS, INCIDENTALLY, CONSTITUTES EFFECTIVE ALTERNATIVE MEANS OF DEVELOPING EXPORTS OF U.S. HEAVY CONSTRUCTION MACHINERY AND EQUIPMENT.

8. DURING SAME TIME PERIOD ONE OF EMBASSY'S TWO FSL
COMMERCIAL PROFESSIONAL STAFF WILL BE ON MATERNITY
LEAVE. WE THINK IT BEST TO CONCENTRATE OTHER PERSONNEL ON
ALREADY HEAVY SCHEDULE RATEHR THAN SPREAD OUR EFFORTS
ON ANOTHER EVENT IN MAY.
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